

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 34 - SB 375

February 16, 2019

**SUMMARY OF ORIGINAL BILL:** Authorizes a local board of education to allow certain employees of an LEA to raise funds for noneducational purposes. Requires a local board of education to develop policies and procedures related to the acquisition and use of noneducational funds and provide the documents to local education agencies (LEAs). Requires such funds to be subject to audit by the Comptroller of the Treasury.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

**SUMMARY OF AMENDMENT (003435):** Deletes and replaces language in the original bill such that the only substantive change is to require a local board of education to pay for the cost of the audit.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Unchanged from the original fiscal note.**

Assumptions for the bill as amended:

- Local boards of education and LEAs will be able to amend their policies in accordance with the provisions of this legislation during the normal course of business without any significant fiscal impact.
- Funds raised for noneducational purposes, pursuant to this legislation, would be included in the required annual audit by the Comptroller of the Treasury or the Comptroller's designee.
- The amount of additional funds raised would not be large enough to increase the cost of performing the audit.
- Based on information from the Comptroller of the Treasury, audits related to this legislation could be completed using existing resources in the course of normal audits and would not require any new audit fees.

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- Based on information from DOE, there will be no significant impact on state or local educational funding.
- This legislation may result in a local board of education expanding or limiting the sources, including vending machine revenue, donations, and other approved sources and the acceptable usage of funds raised for noneducational purposes including bereavement, awards, employee morale, or banquets.
- In the event a local board of education adopts a policy governing the usage of such noneducational funds, there may be a recurring shift in the usage of these funds, any such shift is considered permissive.
- While the precise amount and timing of any permissive shift in the use of noneducational funds is dependent on multiple unknown factors, it is assumed that the fiscal impact to any specific LEA is not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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